

Management Discussion and Analysis

管理層討論及分析

I. BUSINESS OVERVIEW

In the first half of 2017, the global economy and demand gradually picked up. At the same time, stabilisation of raw material prices and gradual recovery of the economy of developed countries, including European countries and the US in turn drove the economy of emerging countries to grow steadily. In the US, growth of the manufacturing industry has re-gained momentum; the employment market has showed notable improvement and investment confidence of companies remained stable. In the Euro zone, the growth rate of the Industrial Production Index achieved a new record high over the past six years, with the unemployment rate at an eight-year low, indicating a positive recovery of the overall economy. In Japan, the strength of export activities was driven by the rebound of overseas demand. Benefitting from stable raw material prices, increasing domestic demand and progressively active international trade, overall economic momentum in the emerging countries was also building up.

In Vietnam, the growth rate of the gross domestic product (GDP) in the first half of 2017 was 5.73%, slightly higher than 5.52% in the first half of 2016 but lower than its 6.7% target for 2017. However, Vietnam's economy remained stable. In the first half of the year, it still had a trade deficit of US\$2.7 billion, but the export trade value recorded substantial growth, while there was a mild increase of 4.15% in the inflation rate. The business environment and the exchange rate of Vietnam Dong to the US dollar maintained relatively stable. The above factors helped Vietnam to sustain solid economic growth in the year.

During the period, the Group's turnover decreased by US\$6,519,000 year-on-year to US\$156,648,000; gross profit for the period decreased by 16.2% or US\$6,523,000 year-on-year to US\$33,818,000, with the overall gross profit margin down from 24.7% to 21.6% when compare to the same period of last year. The Group's profit for the period declined by US\$4,591,000 year-on-year to US\$9,281,000, with net profit margin down from 8.5% in 2016 to 5.9%. Both its revenue and profit dropped during the period. The main reasons accounted for the drop of profit included: (1) Selling prices of major products, particularly MSG and modified starch, decreased due to price wars. (2) A surge of coal prices led to a significant increase in energy costs. In view of the business and competitive environment since the beginning of the year, the Group will focus on enhancing its businesses and controlling production costs and developing new products and new markets in the second half of the year, with the aim to raising its revenue and profitability.

一、業務總覽

2017年上半年，全球經濟與需求逐步回升。同時，原物料價格趨穩，歐美等先進國家之經濟逐漸復甦，也帶動新興國家經濟穩定成長。美國製造業成長動能回溫，就業市場明顯改善，企業投資信心持穩。而歐元區工業生產指數年增率創6年來新高；失業率為8年以來新低，整體經濟呈現正面的復甦。日本受惠海外需求復甦，帶動出口力道增溫。新興國家則受惠於原物料價格的穩定，經濟體內需漸增、貿易逐漸活絡等因素，整體經濟動能緩步升溫。

越南2017年上半年GDP成長率5.73%，略高於2016年上半年的5.52%，但低於2017年目標6.7%。唯越南經濟保持穩定，上半年貿易總額雖然仍有27億美元逆差，但出口貿易額已大幅上升，通貨膨脹溫和成長4.15%，經營環境和越南盾兌美元匯率維持相對穩定，此等因素均有助於越南於本年度之經濟持續成長。

集團本期營業額約156,648,000美元，比去年同期下滑約6,519,000美元。毛利達33,818,000美元，比2016年同期減少16.2%或金額6,523,000美元。集團總體毛利率由去年同期24.7%降至21.6%，集團本期淨利9,281,000美元，與2016年同期比較減少4,591,000美元，淨利率則由2016年8.5%降至5.9%。集團於本期之營收和獲利均有下滑。獲利下滑主要原因為：(一)主要產品，尤其是味精與變性澱粉受到低價競爭，致使售價下調。(二)煤炭價格大幅上揚，使能源成本大幅提升。有鑒於今年以來之經營與競爭局勢，集團於下半年將致力於業務之強化與生產成本之掌控與新產品及新市場之開拓，以期提高營收與獲利。

II. BUSINESS ANALYSIS

(1) Sales Analysis by Market

Unit: US\$'000

Country	國家	For the first half of				Difference	
		2017		2016		差異	
		2017年上半年	%	2016年上半年	%	Amount	%
		金額	%	金額	%	金額	%
Vietnam	越南	76,476	48.8%	78,124	47.9%	(1,648)	(2.1%)
Japan	日本	31,465	20.1%	31,535	19.3%	(70)	(0.2%)
PRC	中國	13,257	8.5%	16,755	10.3%	(3,498)	(20.9%)
ASEAN	東盟國家	16,080	10.3%	15,237	9.3%	843	5.5%
US	美國	9,907	6.3%	12,147	7.4%	(2,240)	(18.4%)
Others	其他	9,463	6.0%	9,369	5.8%	94	1.0%
Total	合計	156,648	100.0%	163,167	100.0%	(6,519)	(4.0%)

1. Vietnam

During the period under review, revenue from Vietnam amounted to approximately US\$76,476,000, a decline of 2.1% or US\$1,648,000 from the same period last year. The decline in revenue was mainly because of the selling price and sales volume of MSG and maltose decreased amidst the price wars. In contrast, both sales volume and revenue of soda products and fertilisers and feed products were boosted as the market demand for these products increased. As a result, the share of Vietnam market within the Group's revenue slightly rose from 47.9% of the same period last year to 48.8%.

2. Japan

Revenue from the Japan market maintained at a roughly flat level during the period. The main reasons for a sustained business performance were the Group's efforts to maintain stable customer relationships, commit to product quality and secure new customers. Hence, the proportion of revenue from the Japan market to the Group's total revenue reached 20.1%, higher than 19.3% in the last corresponding period, and the country remained as the second largest geographic sales market. However, sales of modified starch dropped slightly due to the increased competition, hence the revenue from the Japan market decreased slightly by 0.2% or US\$70,000 year-on-year to US\$31,465,000.

二、營業分析

(一) 市場銷售分析

單位：千美元

1. 越南市場

本期內，越南市場營業額約76,476,000美元，較去年同期減少2.1%或金額1,648,000美元。營收減少主要由於味精與麥芽糖受到市場低價競爭，售價與銷量下滑所致。但反觀蘇打產品與肥飼料產品因市場需求增加，使銷售量與營業額亦隨之增加。因此，越南市場營收於公司營收占比由2016上半年47.9%增至48.8%。

2. 日本市場

日本市場於期內之業績約略持平。主要原因是集團致力於客戶穩定的關係，產品的品質確保與新客戶的開發，致使日本市場於本期之營收佔集團總營收20.1%，高於去年同期之19.3%，仍為集團第二大銷售市場。不過，變性澱粉由於競爭增加，銷售略減，使期內日本市場營收達31,465,000美元，比2016上半年稍微減少0.2%或金額70,000美元。

3. *The PRC*

Revenue from the PRC market amounted to US\$13,257,000, a decline of 20.9% or US\$3,498,000 from the same period last year. Its contribution to the Group's total revenue was down from 10.3% in the first half of 2016 to 8.5% during the period under review. The PRC market recorded a greater drop in revenue among the Group's markets during the period. This was mainly because the PRC has not recovered from slower economic growth, coupled with sluggish sales, keen competition for MSG and starch and a sharp decrease of product prices. To avoid participating in the price war in the market and to preserve its gross profit margin, the Group has maintained its selling prices and profit at a certain level. As a result, the revenue from starch and MSG products declined significantly. The Group is consolidating its sales network and developing more new high value-added products in a bid to raise and recover its performance and market share.

4. *ASEAN member countries*

During the period, revenue from ASEAN member countries, excluding Vietnam, increased by 5.5% or US\$843,000 year-on-year to US\$16,080,000 and its contribution to the Group's total revenue rose from 9.3% to 10.3%. The rise in revenue during the period was mainly attributable to the growth of sales pushed up by the increase in the demand for MSG, fertilisers and feed products and modified starch. Besides, the Group reinforced its market channels and actively developed new markets and secured new customers. Through the dedicated efforts of the Group's professionals, the ASEAN market has replaced the PRC market as its third-largest market.

5. *The US*

Revenue from the US market reached US\$9,907,000, a decrease of US\$2,240,000 or 18.4% from US\$12,147,000 in the first half of 2016. This was mainly due to the drop of selling price and sales volume of MSG as a result of the market competition. Sales of maltose slowed down in the first half of the year after a sharp increase of revenue in the past year. Its contribution to total revenue was down from 7.4% to 6.3%.

3. 中國市場

本期中國市場營收為13,257,000美元，較2016年同期減少20.9%或金額3,498,000美元，於集團營收佔比由2016上半年10.3%降至8.5%。中國是集團期內營收下滑幅度較大之市場，主要原因為中國經濟成長放緩，尚未恢復，銷售動能不振，味精及澱粉競爭激烈，產品售價銳減，而集團為保持毛利率，避免陷入市場之價格戰爭，維持一定的售價與利潤，故於澱粉及味精產品之營收均有較大幅之減少。集團亦正整合銷售網絡與開拓較高附加價值之新產品，以提升及恢復業績及市場份額。

4. 東盟市場

本期東盟市場，除越南之外，營收16,080,000美元，較2016年同期增加5.5%或金額843,000美元，佔集團總營收由9.3%增至10.3%。期內營收增加主要由於味精、肥飼料與變性澱粉需求增加，銷售提升。同時集團致力鞏固市場通路，積極開發新市場新客戶。以集團之努力，東盟市場已代替中國市場成為集團第三大市場。

5. 美國

美國市場期內營收9,907,000美元比2016上半年12,147,000美元減少18.4%，金額2,240,000美元，主要由於味精受到市場競爭影響，銷售價格與數量均下滑，麥芽糖於去年經過一年營收猛增之後，上半年度銷售稍放緩。營收對公司占比由7.4%降至6.3%。

6. Other regions

In other regions, mainly including Taiwan and the European Union, revenue from MSG during the period rose but sales of modified starch decreased. Total revenue was slightly up by 1.0% or US\$94,000 from US\$9,369,000 in the same period of 2016 to US\$9,463,000. Its proportion in the Group's total revenue increased from 5.8% to 6.0%.

6. 其他市場

其他市場主要為台灣及歐盟市場，本期味精營收增加但變性澱粉銷售減少，合計營收達9,463,000美元，比2016年同期9,369,000美元稍微增加1.0%或金額94,000美元，佔集團總營收由5.8%增至6.0%。

(2) Sales Analysis by Product

Unit: US\$'000

(二) 產品銷售分析

單位：千美元

Item	項目	For the first half of				Difference	
		2017		2016		差異	
		2017年上半年	%	2016年上半年	%	Amount	%
		Amount	%	Amount	%	Amount	%
		金額	%	金額	%	金額	%
MSG and seasonings	味精與調味料	109,251	69.7%	115,389	70.7%	(6,138)	(5.3%)
Modified starch and cassava starch	變性澱粉與木薯澱粉	16,110	10.3%	21,017	12.9%	(4,907)	(23.3%)
Amylase	澱粉糖	4,614	2.9%	4,802	2.9%	(188)	(3.9%)
Specialty chemicals	特化產品	13,735	8.8%	10,530	6.5%	3,205	30.4%
Fertilisers and feed products	肥料與飼料	9,701	6.2%	8,493	5.2%	1,208	14.2%
Others	其他	3,237	2.1%	2,936	1.8%	301	10.3%
Total	合計	156,648	100%	163,167	100%	(6,519)	(4.0%)

1. MSG and seasonings

During the period, revenue from MSG and seasonings-related products amounted to US\$109,251,000, a decrease of 5.3% and US\$6,138,000 from the corresponding period of 2016. The greater drop in revenue from MSG was mainly because the Group lowered the selling prices and sales volume of the products in some of its markets to respond to the competitive market conditions, given the fierce price competition in Vietnam, the PRC and the US. Generally speaking, the contribution from the MSG and seasoning-related products to the Group's total turnover decreased from 70.7% in the first half of 2016 to 69.7%.

1. 味精與調味料

期內味精和調味料相關產品營收109,251,000美元，較2016年同期減少5.3%或金額6,138,000美元，味精營收減少主要由於在幾個市場，如越南、中國、美國等市場價格競爭嚴重，集團因應市場的競爭態勢，下調部份市場之味精售價與銷售量，導致營收有較大幅度減少。整體而言，味精和調味料相關產品佔集團總營收由2016上半年70.7%降至69.7%。

2. Modified starch and cassava starch/Amylase

During the period, the drop of raw materials of starch helped in controlling costs. However, fierce price competition in some of the markets, particularly in the PRC and Taiwan, resulted in a sharp decrease in selling prices, and the revenue dropped accordingly. The Group's revenue from cassava starch and modified starch during the period dropped by 23.3% or US\$4,907,000 year-on-year to US\$16,110,000 as sales of modified starch decreased in different markets. As a result of the drop in revenue, the contribution from starch products to its total revenue declined from 12.9% to 10.3%.

The amylase product that the Group launched in recent years has become its star product, generating a revenue of US\$4,614,000 in the first half year of 2017. The slight decrease of US\$188,000 recorded year-on-year is believed to be a short-term adjustment. The Group is highly confident in the potential of this product and its quality gradually gained recognition from our customers. The Group is developing related products, so as to broaden the scope of its business and the source of its profitability.

3. Specialty chemicals/Fertilisers and feed products

Specialty chemicals including hydrochloric acid, soda and bleach are principally sold in the Vietnam market. During the period, driven by steady economic growth in Vietnam, the demand for basic chemicals increased, resulting in a notable surge of sales volume of this product category when compared to the same period of 2016. Revenue from specialty chemicals climbed by 30.4% or US\$3,205,000 year-on-year to US\$13,735,000. Its contribution to the Group's total revenue rose from 6.5% to 8.8%.

As for fertilisers and feed products, after the drop of short-term demand for fertilisers affected by the climate in 2016, the demand for fertilisers in the first of 2017 gradually picked up, particularly in the Vietnam and ASEAN markets. Although selling prices remained within the low price range of 2016, sales volume surged significantly. The Group's revenue from fertilisers and feed products increased by 14.2% or US\$1,208,000 year-on-year to US\$9,701,000 and its contribution to the Group's total revenue rose from 5.2% to 6.2%.

2. 變性澱粉與木薯澱粉／澱粉糖

本期澱粉原料價格下降，有利於成本控制，但於部份市場，尤其於中國及台灣等市場之價格競爭激烈，導致售價大幅下滑，營收也隨著減少。集團期內天然澱粉／變性澱粉產品營收達16,110,000美元，比2016年同比減少23.3%或金額4,907,000美元，變性澱粉在各市場銷售均有下降。因營收減少，澱粉產品佔集團總營收由12.9%降至10.3%。

集團近年所新推出的澱粉糖產品，表現亮眼，2017上半年營收達4,614,000美元，雖然較去年同期略減188,000美元，但應為短期調整，集團對此產品潛力深具信心，且品質逐漸受到客戶肯定，目前正開發相關品項以擴增營業範圍與獲利來源。

3. 特化產品／肥飼料

特化產品包括鹽酸、蘇打、漂白水均在越南銷售。期內因越南經濟穩定成長，基礎化學產品需求增加，銷售量較2016年同期大幅增加，特化產品營收達13,735,000美元，較2016年同期增加30.4%或金額3,205,000美元，佔集團總營收由6.5%增至8.8%。

至於肥飼料產品，經過2016年受氣候影響，肥料短期需求下降之後，2017上半年需求逐漸回升，尤其越南與東盟國家尤為明顯，雖然價格仍維持在2016年的低價範圍，但銷售量已明顯增加。集團肥飼料產品營收達9,701,000美元，較2016年同期增加14.2%或金額1,208,000美元，佔集團總營收由5.2%增至6.2%。

4. Other products

Other products principally include the trading products business that the Group operates in Vietnam and the PRC. Revenue reached US\$3,237,000, remaining flat year-on-year. Due to the decline of the Group's total revenue, the contribution from other products to the Group's total revenue increased from 1.8% to 2.1%.

4. 其他產品

其它產品主要為集團於越南與中國區所經營之貿易品項，營收達3,237,000美元，維持2016上半年水平。因集團營收減少，其他產品佔集團總營收由1.8%增至2.1%。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

(1) Cassava

According to the data of the Vietnam Cassava Association, cassava plantations occupy around 550,000 hectares in Vietnam, where around 10 million tonnes are annually produced. The value of cassava exported exceeds US\$1 billion a year, making it one of the major agricultural products for export in Vietnam. The PRC is the principal importer of cassava from Vietnam, accounting for around 85% of the tally. In the first half of 2017, the depreciation of the RMB against the US dollar affected the purchasing power, so some PRC customers chose to purchase the materials from local inventory. The import volume of cassava into the PRC declined accordingly, and the price of the product remained at a low level. The decreasing cassava price has benefited the Group's production costs during the period, but the cassava price is generally expected to increase in the second half of the year, mainly because the unseasonably low cassava price in the harvest of 2016/2017 will reduce farmers' incentive to grow cassava in the next season, with a corresponding reduction in production volume. Another reason is that the slight rebound in the demand for cassava starch in the market, which is generally expected to boost the material costs.

三、主要原料／能源概況

(一) 木薯

依越南木薯協會資料，目前越南的木薯種植面積達55萬公頃，產能約達一千萬噸一年，每年出口額超過10億美元，為越南主力出口農產品之一。中國為越南的主要出口木薯市場，佔約85%。2017年上半年，人民幣對美元匯率下調影響購買力，部份國內客戶選擇採購當地庫存原料。因此，導致中國木薯的進口量有所下降，也令到木薯價格仍然低迷。木薯價下降對集團本期生產成本有利，不過一般普遍預期今年下半年木薯價格可能會上升，主要原因為於2016年／2017年產季之木薯價格較低，如此將會影響農民下一季的種植木薯的意願，造成產量可能會減少。另一個原因是，由於木薯澱粉在市場上的需求稍有回升，一般也預計將帶動原料價格的上漲。

(2) Molasses

After suffering from oversupply and a substantial price drop over a few consecutive years in the global sugar manufacturing industry, the global sugar market has recently experienced a supply shortage due to climate change and a subsequent adjustment in the production volume for the industry in 2016. The production volume of major sugar manufacturing countries such as Thailand, Brazil and India has also been reduced. At year-end, prices of raw sugar rose to their highest levels in recent years. The change in the sugar manufacturing industry has also affected the production capacity and price of molasses and amylase. Looking at 2016/2017, the normal weather conditions would see a possible increase in the production volume in a number of countries, and the market will realise a balance in supply and demand. As global oil prices have remained at low levels, the molasses factories in Brazil have reduced ethanol production, and have allocated more sugar cane to produce molasses. Besides, the prices of corn and soybeans remained comparatively low but consumption was high in the feed industry, so less molasses will be used to produce feed. Considering these factors, the supply of molasses may increase in 2017/2018, thus its price may drop. The Group intends to continue with its strategies of securing stable sugar sources, looking for those sources which can be used as raw materials and adopting flexible procurement procedures so as to ensure a stable supply of these raw materials.

(3) Energy

At the beginning of 2016, the global prices of coal and natural gas have decreased, which mostly was a direct result of cheaper fossil fuels, but the underlying reason was more about the oversupply and weak growth of demand in key markets including the US and Europe. In the second half of 2016, some of the global production capacity of coal shut down, which reduced the output. The price of coal rebounded strongly and increased significantly. In Indonesia, months of downpour directly hit the operations of exploitation and transportation, the price of coal has remained at a high level due to the climate change. In the first half of 2017, the average unit price of coal procured by the Group increased by more than 20%, which eroded our profit. In the second half of 2017, the Group is closely monitoring the trend of coal prices.

The cost of electricity in Vietnam remained almost the same in the first half of 2017 as previously. However, under the pressure of rising coal prices, the local electricity tariff is expected to increase in the second half of the year. Since the Group's new energy generation system is now in operation and the proportion of self-generated electricity will increase, the higher electricity charges have only minimally affected the Group.

(二) 糖蜜

全球的製糖業，在連續幾年產量過剩，價格大幅下滑之後，2016年，全球製糖業最近經歷了供應短缺，由於氣候變化和生產量的後續調整，2016年製糖業的生產量有所減少。泰國、巴西和印度等主要製糖國家的生產量也隨之減少。在年底，原糖價格回升至近年最高水平。製糖業的變化也影響了糖蜜和澱粉酶的生產能力和價格。回顧2016/2017年，正常的天氣條件下，一些國家的生產量可能會有所增加，市場將實現供應和需求的平衡。由於全球油價維持在低水平，巴西的糖蜜廠已減少乙醇生產，並將更多甘蔗用於生產糖蜜。此外，玉米和大豆的價格保持相對較低，但飼料行業的消費量很高，因此較少的糖蜜將用於生產飼料。考慮到這些因素，糖蜜的供應在2017/2018年可能會增加，因此其價格可能會下降。本集團計劃繼續執行其穩定糖源策略，尋找可用作原料的來源，並採用靈活的採購程序，以確保這些原料的穩定供應。

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2016年，全球煤炭和天然氣價格均有所下降，這主要是由於化石燃料價格更便宜，但更深层次的原因主要是由於全球主要市場包括美國和歐洲的需求疲軟和增長乏力。2016年下半年，全球部分煤炭生產能力關閉，導致產量減少。煤炭價格強勁反彈並顯著增加。在印尼，連綿數月的暴雨直接打擊了開採和運輸作業，煤炭價格在氣候變化的影響下維持在高位。2017年上半年，本集團採購煤炭的平均單位價格增加超過20%，這侵蝕了我們的利潤。2017年下半年，本集團正密切關注煤炭價格的走勢。

越南的電力成本與2017年上半年基本持平。然而，在煤炭價格上升的壓力下，預計下半年越南的電價將有所增加。由於本集團的新能源發電系統已投入運營，且自產電力的比例將增加，因此較高的電費對本集團的影響僅微乎其微。

IV. FINANCIAL REVIEW

(1) Liquidity and Financial Resources

The Group had cash, short-term bank deposits and structured bank deposit of US\$43,560,000, US\$44,937,000 or around 50.8% less than at the end of 2016. Short-term bank borrowings increased by US\$622,000 or around 4.9% to US\$13,242,000 compared to the end of 2016, while middle-to-long-term bank borrowings declined by US\$1,185,000 or around 4.9% to US\$23,005,000. Total bank borrowings amounted to US\$36,247,000, US\$563,000 or around 1.5% less than at the end of 2016. The borrowings were all denominated in US dollars. The proportions of short-term and medium-to-long-term bank borrowings were 36.5% and 63.5% respectively. Net finance cost during the period increased by about US\$9,000 from the corresponding period last year.

Trade receivables were US\$30,057,000, representing an increase of US\$2,064,000 or around 7.4% when compared with the end of 2016. Around 93.1% of the trade receivables were due within 30 days. As at 30 June 2017, total inventory was US\$94,490,000, up by US\$29,208,000 or around 44.7% when compared to that in end of 2016. During the period, the Group increased the bulk purchases of agricultural raw materials, so the raw material inventory increased.

As the bank borrowings declined, the gearing ratio (total borrowings to total capital ratio) was 13.1%, lower than 13.2% at the end of 2016. Because cash exceeded borrowings, net gearing ratio (total borrowings less cash and deposits to total capital ratio) was -2.6%, higher than -18.5% at the end of 2016.

Current liabilities decreased sharply because of the decrease in short-term borrowings and payables during the period, so the current ratio rose from 4.04 at the end of 2016 to 4.63. The financial position of the Group has remained sound.

(2) Capital expenditure

During the reporting period, capital expenditure amounted to approximately US\$10,884,000, US\$7,968,000 more than the capital expenditure of US\$2,916,000 in the first half of 2016.

四、財務回顧

(一) 流動資金和財政資源

集團現金、銀行短期存款和結構性銀行存款為43,560,000美元，比2016年底減少44,937,000美元，約50.8%。短期借款為13,242,000美元，比2016年底增加622,000美元，約4.9%；中長期借款為23,005,000美元，減少1,185,000美元約4.9%。借款總額為36,247,000美元，比2016年底減少563,000美元或約1.5%。借款全部為美元；短期和中長期借款比率為36.5%比63.5%。期內淨財政支出同比增加約9,000美元。

應收貿易帳款為30,057,000美元，比2016年底增加2,064,000美元，約7.4%。30天期內應收帳款佔約93.1%。存貨總額於2017年06月30日為94,490,000美元比2016年底增加29,208,000美元，約44.7%。存貨大增主要是期內集團增購農產原料等大宗物資，故原料庫存增加。

因借款減少，資本負債比（總借款比股東權益）為13.1%，小於2016年底的13.2%；由於現金高於借款，淨資本負債比（總借款扣除現金和存款比股東權益）為-2.6%，高於2016年底的-18.5%。

本期之短期借款與應付款項減少導致流動負債大幅減少，流動比率因此由2016年底之4.04升為4.63，財務結構穩健。

(二) 資本支出

期內資本支出共約10,884,000美元，比2016上半年資本支出的2,916,000美元增加7,968,000美元。

(3) Exchange rate

The economy of Vietnam remained stable in the first half of the year, as the export volume significantly increased and inflation rose only moderately, so the country's foreign exchange reserve surged to a historical high, which can stabilise the exchange rate of the Vietnam Dong. The State Bank of Vietnam announced that the Vietnam Dong depreciated 1.2% in the first half of 2017, but the general bank exchange rate is similar to the end of last year and almost remained the same since the Lunar New Year. Many experts believe that the exchange rate of Vietnam Dong to the US will continue to be stable in the half of the year based on the current conditions in the country. But if the Federal Reserve Banks increases the interest rate in the second half of the year, the trade deficit of Vietnam will steadily widen, so the market consensus is that the Vietnam Dong may depreciate around 2% for the entire year.

The Group's subsidiaries in the PRC are mainly for domestic distribution and the transactions there are denominated in RMB. During 2016, the median exchange rate of the RMB depreciated 6%-6.6%. Stepping into 2017, the global economy has continued its recovery, the international financial market remained relatively stable, and the PRC economy has demonstrated a clear steady upward momentum. The stability, coordination and sustainability of economic development is strengthening, so the RMB will generally appreciate this year. As at 30 June, the exchange rate of the RMB against the US dollar increased by 2.51% in the first half of 2017.

(4) Earnings per share/Dividends

Basic earnings per share were 0.61 US cents during the period. The Board has resolved to declare the payment of an interim dividend of 0.307 US cents per share. The dividend payout ratio was 50%.

V. PROSPECTS

Looking ahead to the second half of 2017, in the face of the changing global backdrop and economic shifts, although most of the projections of global economic growth are cautiously optimistic, there has been no obvious sign of recovery in general economic and trading demand. As excessive capacity still exists in many commodities, the market is expected to be highly competitive with low prices amidst oversupply. Facing the uncertainties from the policies of large countries in the world, the global economic situation would likely become more complicated, which would create uncertainties for our operations as well.

(三) 匯率

越南上半年因經濟保持穩定，出口額大幅上升，通脹溫和成長，外匯存底為歷年來新高，這些因素均對匯率有所幫助。越南國家銀行公佈的匯率於2017上半年貶值1.2%，不過一般銀行匯率與去年底幾乎沒有差異，且於農曆年後，匯率相當穩定。專家認為，以越南目前的情況，越南盾對美元匯率於半年會繼續穩定。不過，若下半年美聯儲(FED)加息，越南貿易逆差繼續擴大，一般市場預測越南盾在2017年整年貶值2%之幅度。

集團中國區子公司主要以中國國內銷售為主，交易以人民幣計算。2016年人民幣中間價貶值6%-6.6%。進入2017年，全球經濟總體延續復甦態勢，國際金融市場相對穩定，中國大陸經濟穩定向好態勢將更趨明顯，經濟發展的穩定性、協調性和可持續性增強，綜觀人民幣今年整體仍維持走升格局。截至6月30日為止，2017上半年人民幣兌美元總計升值2.51%。

(四) 每股基本盈利／股息

本期每股基本盈利為0.61美仙，董事會決定派發股息每股0.307美仙，派息率為50%。

五、展望

展望2017年下半年之發展，面對全球性景氣與經濟情勢的變化，雖然在整體全球經濟成長預估，可見都是審慎樂觀的成長預估，但仍可明顯觀察到，整體經濟與貿易需求仍未見大幅復甦態勢，而尚有眾多品項產品的產能仍然過剩，仍存在供大於求的情況，預期低價的競爭仍將持續。面對全世界各主要大國的政策面不確定的影響，將使未來的經濟情勢變化更形複雜。這對於集團的經營，確實仍存在諸多不確定因素。

Management Discussion and Analysis 管理層討論及分析

Nevertheless, the Group has reinforced its operational structure in recent years, including securing a stable supply of raw materials, improving production efficiency, stabilising production costs, strengthening marketing and business development, developing new products, new markets and new customers. All of these efforts have brought initial success. Despite facing considerable uncertainty in the future, the Group will continue to adhere to its development strategies and adopt measures to ensure such strategies are well-implemented, including:

- Product lines will be restructured to raise the proportion of high value-added products. The number of low gross profit items will be reduced to maintain reasonable overall profitability of products.
- New products are to be developed while the Group explores new markets. The Group will increase the number of new agents and customers, enhance the existing distribution channels and maximise the branding efforts so as to further reinforce its business development.
- The Group will strengthen the procurement of critical materials in bulk quantity, to obtain a better price.
- The Group will continue to upgrade production technology in order to improve the production efficiency, and implement energy-saving projects at the same time.
- The Group will develop customised production techniques and enhance the production scale of new products by more effectively utilising its resources, collaborating with different industries and customers, conducting regular evaluations on partnership and working closely with customers. More products from third parties will be introduced to fulfill customers' needs in a segmented market and bolster offerings to niche markets.
- Based on the strategy of "co-opetition", the production base in Vietnam will be used to develop markets in ASEAN and FTA nations. This complementary relationship can boost the development of relevant businesses with added value.
- Business footholds will be set up in ASEAN countries to extend its business network from Vietnam, explore business opportunities for the Group's products, broaden its brand influence and eventually expand its business presence across the region.
- By strengthening its financial management, the Group can enhance efficiency and optimise the asset utilisation rate. Steps will also be taken to mitigate the risk of foreign exchange and interest rate fluctuations amidst the increased turbulence in financial markets.

The Group will maintain flexible at the operating level to cope with the rapidly changing business environment. Apart from maintaining fundamental operations, the Group will also devote greater efforts to formulating appropriate strategies for new environments. While the current situation presents many challenges, there are also still many opportunities. The management is confident that by implementing strategies cautiously and prudently based on its solid foundation and proactively capturing opportunities, the Group will achieve further advances and development in its operations and its business.

經過近年來，集團執行各項紮根的基礎工作，掌握穩定原料供應，提升生產效率，穩定生產成本，強化行銷與業務的拓展，開發新產品新市場新客戶，已可見初步改善成效。面對未來，集團雖仍面臨許多經營上的不確定性，但仍將積極落實既定的發展策略，強化落實力度，持續推動進行，其中包括：

- 透過產品線的重新組合，提升高附加產品的比重，減少低毛利品項，以維持產品的合理利潤。
- 積極投入進行新產品開發，拓展新市場的業務，增加新代理、新客戶，同時深耕目前既有的市場通路，並延續與發揮品牌效益，以再強化集團整體業務的拓展。
- 再強化並靈活掌握關鍵大宗原料來源。
- 繼續提升技術以不斷改善生產效益，同時，持續推動節能省電專案。
- 運用集團資源，結合同業異業，持續策略聯盟之檢討，緊密結合客戶，朝向客制化生產開發，提升新產品規模化，引進多樣化代理產品，滿足大眾市場客戶需求，強化利基市場。
- 以競合策略為基礎，利用越南生產基地，積極發展東協市場與有簽訂FTA的合作市場，在互補互利的前提下，拓展相關具有價值優勢的事業。
- 思考前進東盟國家設立營運據點，以延伸越南業務網絡，開創產品商機，延伸品牌力度，擴增集團的事業版圖。
- 強化財務管理，在提升集團效益的同時，致力資產使用效率極大化，並對於金融市場振盪幅度增大之際，做好匯率、利率的風險管理工作。

隨著經營環境變化快速，經營層面將保持彈性靈活的行動方案，除落實經營基本工作之外，面對新環境而延伸的策略，更將積極投入，展望目前局勢，雖有挑戰，卻仍有機會。經營層相信在運用既有的經營基礎，並以戰戰兢兢的態度，謹慎落實的執行各項策略，並積極有效率的把握機會，以期集團營運有更一步的突破與發展。